

Message Text

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PAGE 01 MANILA 13781 130241Z

72

ACTION AID-59

INFO OCT-01 EA-11 ISO-00 IGA-02 L-03 EB-11 AGR-20 COME-00

OMB-01 TRSE-00 CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01

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P 120725Z DEC 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 9709N

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E.O. 11652: N/A

TAGS: EAID, EGAR, RP

SUBJECT: PL-480 TITLE I: PROPOSED TOBACCO PROGRAM FOR PHILIPPINES

REF: (A) STATE 239587

(B) STATE 231181

(C) MANILA 8931, 9/21/72

(D) MANILA 9986

(E) TOAID A-105, 3/30/73

1. GOP HAS REITERATED OFFICIAL REQUEST FOR TOBACCO UNDER PL-480
TITLE I AS SET FORTH IN DFA NOTE OF SEPTEMBER 5, 1972
(REF C). CHAIRMAN OF GOP PL-480 PANEL STATES THIS
FORMAL REQUEST STILL VALID AND GOP AWAITING FORMAL USG
RESPONSE. AMOUNT REQUESTED IN DFA NOTE IS 2,865 MT
VALUED THEN AT \$6 MILLION. DEPARTMENT WILL RECALL THAT
NEGOTIATING INSTRUCTIONS FOR FY 1974 TITLE I AGREEMENT
(AIDTO A-117, 6/5/73) (ON WHICH ACTION HAS BEEN
INDEFINITELY SUSPENDED BECAUSE OF UNAVAILABILITY OF
COMMODITIES) DID NOT INCLUDE TOBACCO OWING TO THEN
TIGHT LIMITATIONS ON QUANTITIES OF TABACCO AVAILABLE FOR
PL-480 FINANCING.

2. SUPPLY/DISTRIBUTION SITUATION FOR TOBACCO INDICATES
NEED FOR ADDITIONAL IMPORTS OF 3,600 MT DURING
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PAGE 02 MANILA 13781 130241Z

REMAINDER OF FY 1974. FOLLOWING IS S/D DATA:

FOR TOBACCO, IMPORTED LEAF ONLY, BY FISCAL YEAR IN
METRIC TONS

	1972	1973	1974
BEGINNING STOCKS	1,000	1,200	1,100
PRODUCTION	0	0	0
IMPORTS			
PL-480	969	1,839	2,000-1/
U.S. COMMERCIAL	3,514	1,177	2,800-2/
OTHER COMMERCIAL	248	1,607-3/	--
TOTAL	4,731	4,623	4,800
TOTAL SUPPLY	5,731	5,823	5,900
CONSUMPTION	4,531	4,723	4,900
EXPORTS	0	0	0
ENDING STOCKS	1,200	1,100	1,000
TOTAL DISTRIBUTION	5,731	5,823	5,900

1/ ASSUMING PRESENT REQUEST IS APPROVED.

2/ OF WHICH 1,203 HAD ALREADY BEEN IMPORTED DURING JULY-SEPTEMBER 1973.

3/ MOST OF THIS TOBACCO IS THOUGHT TO BE U.S. TOBACCO IMPORTED THROUGH THIRD COUNTRIES.

3. IN VIEW: (A) CLEAR USG STATEMENT OF INTENT AT CONSULTATIVE GROUP MEETINGS TO PROVIDE "FAIR SHARE" PHILIPPINE DEVELOPMENT ASSISTANCE NEEDS PART OF WHICH TO BE PROVIDED AS PL-480 TITLE I FINANCING FOR FY 1974 SUPPLY PERIOD; (B) LACK THUS FAR OF ANY PL-480 COMMODITIES TO MEET GOP FY 1974 REQUESTS; AND (C) NON-AVAILABILITY OF CCC CREDIT FOR FINANCING IMPORTS OF US AGRICULTURAL PRODUCTS--MISSION STRONGLY RECOMMENDS LIMITED OFFICIAL USE

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PAGE 03 MANILA 13781 130241Z

PROVISION OF 2,000 METRIC TONS OF TOBACCO UNDER TITLE I WITH ESTIMATED EXPORT VALUE OF \$5.1 MILLION. THIS AMOUNT CONSISTENT PHIL REQUEST PER REF A AND TAKES INTO ACCOUNT UMR.

4. REF D SUMMARIZED FACTORS WHICH MIGHT HAVE WARRANTED SOME DOWNWARD ADJUSTMENT IN TITLE I LEVELS. HOWEVER, IN VIEW OF RECENT DETERIORATION IN BALANCE OF

PAYMENTS REVEALED IN OCTOBER TRADE DEFICIT OF \$11 MILLION AND EXPECTED CONTINUATION OF ADVERSE FACTORS SUCH AS SHARPLY INCREASED IMPORT BILL FOR CRUDE OIL AND OTHER PRODUCTS, WE WOULD LIKE TO TARGET ON AN EXPANDED TITLE I PROGRAM TO INCLUDE CORN AND COTTON TO EXTENT COMMODITY SUPPLIES PERMIT. WE THEREFORE URGE WASHINGTON AGENCIES REEXAMINE POSSIBILITY OF RESTORING THESE COMMODITIES TO FY 1974 PROGRAM IN ORDER PROVIDE TITLE I ASSISTANCE IN ACCORD WITH EARLIER USG UNDERTAKINGS AND RESPONSIVE TO GOP REQUEST. DETAILED JUSTIFICATION FOR TITLE I PROGRAM, INCLUDING ITS ROLE IN OFFICIAL ASSISTANCE ORGANIZED BY CONSULTATIVE GROUP FOR THE PHILIPPINES, IS SET FORTH IN REF E.

5. AS TO MECHANICS, MISSION RECOMMENDS THAT THE PROGRAM BE CARRIED OUT IN AS SIMPLE A FASHION AS POSSIBLE, PERHAPS THROUGH EXCHANGE OF NOTES AMENDING MAY 4, 1972 AGREEMENT.
SULLIVAN

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